

It is in this reference that I would like to make some comments. The original proposal in H.R. 15067 indicated a change in section 1102 involving the rate of interest.

These changes were made or recommendations were made about a year ago and were designed to ease the demand on Federal funds to encourage non-Federal participation, and to provide the commissioner with some degree of flexibility in determining the rate of interest.

Since that period of time, we have seen a drastic reduction in total facility funds.

In addition, we have seen a significant increase in the rate of interest. The serious problem that could develop with regard to this would appear to be that we may have, first of all, a significant financial handicap to the small colleges and universities in America by the increased rate of interest.

The current interest pattern is one of erratic behavior. Major fluctuations are taking place. This will in many instances result in a greater degree of problems in estimating costs on the part of our colleges and universities in trying to plan for title III loans.

As a result, this will be incompatible with the long-range planning that the college in attempting to do.

In summary, I would encourage the subcommittee to consider very seriously section 1102 because it could be very harmful to many small private and small public institutions in America and the resulting benefit, should it pass, seems to be very minimal.

Thank you, Madam Chairman.

Mrs. GREEN. In the private institutions, what would be the smallest grant that any institution could receive under title I?

Mr. JONES. The smallest amount of grant? I don't believe any of our plans would provide for a minimum allocation.

Mrs. GREEN. No, but when you divide it up, do any of them get, say, \$35,000?

Mr. JONES. Yes, this is possible, especially on supplementals. In many instances you do have very small supplementals in remodeling.

Mrs. GREEN. One recommendation was made to me by one of the college presidents that the committee should set a minimum of \$50,000 under title I.

When you consider the cost of making the application and all the work which has gone into it that there should not be less than that amount.

Do you agree?

Mr. JONES. In some instances it might present problems. You occasionally have unique instances, especially on supplementals where you have an institution that is strained to the point that the project may or may not be able to go. The \$30,000 or \$40,000 in a supplemental grant might make the difference whether the project could go.

On an initial application, I think there might be a difference but on the supplemental I think we need to have the opportunity of granting small supplementals.

Mrs. GREEN. Dr. Morton, do you have any view on that?

Mr. MORTON. I wanted to ask, would this still keep the one-third?

Mrs. GREEN. One-third matching?

Mr. MORTON. What I am trying to say is that you said \$50,000, that would make the minimum size project \$150,000. There are many I think